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Conference Report

U.S.-India Strategic Partnership: A Track-Two Dialogue for Long-Term Cooperation

Conference organized by the Center for Contemporary Conflict (CCC), U.S. Naval Postgraduate School, and the Institute for Defense Studies and Analysis (IDSA), New Delhi, India

New Delhi, India, 25-26 April 2007

by [Peter R. Lavoy](#) and [Robin Walker](#)

[Strategic Insights](#) is a bi-monthly electronic journal produced by the [Center for Contemporary Conflict](#) at the [Naval Postgraduate School](#) in Monterey, California. The views expressed here are those of the author(s) and do not necessarily represent the views of NPS, the Department of Defense, or the U.S. Government.

Executive Summary

On 25-26 April 2007, the CCC and IDSA and organized a conference on the *U.S.-India Strategic Partnership*. Sponsored by the U.S. Defense Threat Reduction Agency and the U.S. National Nuclear Security Administration, the event brought together top Indian and American scholars and defense experts in the first of a multi-year series of activities to explore substantive and procedural issues in the long-term U.S.-India security relationship. Key themes raised include:

- ***“Habits of cooperation” and strategic culture.*** One topic discussed repeatedly in several panels was the need to build habits of cooperation between two very different strategic cultures. One panelist said that just because Indians speak English does not mean they think in English, and observed that the two countries are not used to dealing with each other in what is still a relatively young relationship. This raises the need for ongoing dialogues at both formal and informal levels to build solid habits of cooperation.
- ***“Strategic partnership” or “strategic alliance?”*** Indians insisted that the Indo-American relationship must be a true partnership if it is to grow, with India playing a full role, not just a tactical alliance between unequal parties. India retains a legacy of non-alignment, and now views itself as an emerging regional and global power that will look after its own interests.
- ***Rising powers.*** The major powers in the world are changing, with Europe declining in power and India and China rising quickly. Several Indian presenters stated that the international power disposition is now hexagonal (the United States, Russia, China, India, Japan, and the European Union as a whole rather than independent countries). The old institutions, including the Security Council and the Bretton Woods economic arrangements, probably will need to be revised to accommodate the needs and preferences of new powers.
- ***Defense cooperation.*** Defense cooperation is the area Indians are most eager to pursue—after the civilian nuclear deal—and where the most rapid progress probably can

- be made. As one Indian participant put it, “After 123 [the nuclear agreement] comes 126 [the sale of 126 aircraft to the Indian air force].” Although Indians are eager to obtain U.S. technology, a trust deficit still exists from past U.S. sanctions on India, and Indians worry that at a crucial time they might not be supplied with replacement parts if the relationship goes bad again. Americans countered that there was no reason to doubt the durability of close bilateral ties well into the future. Several speakers mentioned that a large, well-publicized defense sale would go a long way toward overcoming the trust deficit.
- **“1,000 ship navy.”** India is in fundamental agreement with the idea of the U.S. Chief of Naval Operations of allied naval cooperation (referred to as the 1,000 ship navy), and in fact has already engaged in some activities compatible with that goal including tsunami relief, patrolling the Straits of Malacca, and evacuating refugees from Lebanon. One Indian panelist even noted that joining the Proliferation Security Initiative (PSI) is in India’s interest, despite New Delhi’s current apprehensions.
 - **Iran.** India and the United States agree that a nuclear-armed Iran is unacceptable. As one panelist pointed out, the United States and India are the only countries must try to deter two nuclear powers simultaneously, and a third would make things much more difficult. India will play a major role on the Security Council and the IAEA. Although India generally agrees with U.S. goals toward Iran, it sometimes disagrees on methods to accomplish those goals.



Dr. Peter Lavoy and Air Commodore (retd.) Jasjit Singh

1. Opening Remarks

The Indian opening remarks welcomed the more than 60 participants gathered at IDSA, and noted that this was the first conference where all the past directors of IDSA had been present at the same time. They noted the long relationship both between the United States and India and between IDSA and the CCC and noted that the papers written by Indian and American authors would be published in a book, to be co-edited by IDSA and the CCC.

The U.S. opening remarks explained that this bilateral “track two” conference was a culmination of discussions and meetings with Indian and U.S. officials over the critical need of identifying the long-term objectives and parameters of the relationship. Lavoy commented this dialogue is an opportunity for both sides to focus on the future, rather than exclusively looking to the lulls of the past or discussing topics of ongoing negotiation, which happens in most bilateral meetings. This conference is designed to touch on a wide variety of topics with the hope of identifying a few for more focused discussion at future track two conferences.

2. Keynote Speaker

A senior Indian diplomat inaugurated the two-day workshop with a discussion of the history of the U.S.-India relationship and some of the positive trends he currently sees. India has a long history of partnership with the United States, going back to 1952. While the relationship was initially close, with India's founding fathers having a great deal of admiration for the United States, the two countries drifted apart following the U.S. decision in 1953 to provide arms to Pakistan to help contain the Soviet Union. The United States and India did not see eye-to-eye on many issues, including Kashmir and arms assistance, but the big separator was India's insistence on its non-aligned stance. Sanctions have also been a major feature of the relationship, with the United States imposing sanctions on India in 1965, 1974, and 1998. However, the relationship completely changed in 2004 with the United States-India Joint Statement on Next Steps the Strategic Partnership document, featuring a quartet of issues: nuclear energy, civilian space programs, high technology trade, and missile defense. Most Indians believe that the Bush administration, and especially Condoleezza Rice, deserves credit for this change. One key factor is that the United States previously viewed India as a WMD proliferator, and now the view is that India is a part of the solution. He said that the United States has had greater technology transfer to India than any of India's non-NATO allies, but noted that what the United States has done for India is still less than it has done for Pakistan over the course of the U.S.-Pakistan relationship.

The speaker noted that a workshop on the U.S.-India strategic partnership is particularly pertinent, describing the United States as an Asian power, since it has become embedded in Asia not merely by its physical proximity, but also because of its economic might, military presence, and long-standing association with the region. Furthermore, the geo-political environment of the future is going to be shaped by the rise of China and India and the resurgence of Russia. These powers, along with the United States and Japan, will form the core group of countries that will shape developments at the international level. The Europeans will not play an important role because he believes they will be embroiled in internal socio-political and economic issues. India needs to look at Indian Ocean security, and cannot partner with their biggest potential rival, China. Despite this, the U.S.-India partnership must not be seen as an effort to counter China, since the both India and the United States are too involved with China to alienate Beijing.

One major issue being discussed at the official level is the U.S.-India civilian nuclear deal, which, as the speaker noted, hinges on one problem: freedom to conduct nuclear tests whenever necessary. He stated that having declared itself a nuclear power with the 1974 and 1998 nuclear tests, India eventually must revert back to the position of no nuclear tests, as first enunciated by Prime Minister Rajiv Gandhi. Americans, however, have not showed sufficient understanding to India's right to treat and maintain spent fuel. Whether the nuclear deal comes through or not, and whatever the obstacles defined above, none of them will cause the relations between India and the U.S. to break.

3. Session I: General Trends in Indo-U.S. Relations

An Indian diplomat chaired the first session, and, in his initial remarks stressed the need to look ahead, something he stated is necessary for developing a meaningful relationship. He proposed that the U.S.-India relationship is like the Bombay stock exchange, which has its ups and downs

in the short run, but overall trends upwards. He pointed to 1998 as a low point, President Clinton's visit in 2000 as a high point since surpassed by the high of the 2004 agreement, reaching an all time high with Prime Minister Manmohan Singh's July 2005 visit to the United States.

The first Indian presenter began by discussing systemic compulsions in U.S.-India relations, arguing that the "systemic" factor played a central role in shaping the contours of the bilateral relationship from the early 1950s through to the end of the Cold War in 1991. It is the changed post-Cold War global systemic scene that has enabled the two states to review their relationship and make bold overtures to rearrange it in a radical and innovative manner. A post-May 1998 *Realpolitik* assessment by President Clinton led to a radical departure from the pre-1999 India policy, resulting in improved relations and a stronger global strategic environment. As far as the United States is concerned, its interests would be best served by developing closer relations with India. As for India, with 21 st century being the knowledge economy, its human resource base is an advantage and therefore a desirable tool for taking this relationship to new heights.

The presenter agreed with the keynote speaker that the power polarity in international relations was hexagonal, with three nodes Russia, China and India on one side and the United States, Japan and the European Union forming the other three nodal points. He predicted greater accommodation of interest and better management of the contradictions between these various nodes in the future. He further stressed that the constraints in the relationship arose out of differing styles of discourse and strategic culture. In this context, he elaborated on the anxieties and suspicions of the other that are buttressed by certain constituencies in both the countries, including the nonproliferation lobby in the United States and the legacy of the non-aligned movement in India. He pointed out that because the United States was military-security-led state, while India was a tentative and reticent military power, this led to different perspectives on many issues. Therefore, the dissonance of strategic culture is something that needs to be addressed.

A presenter from the U.S. government set the scene for the conference by presenting a brief overview of *Mapping Global Future: Report of the National Intelligence Council's 2020 Project*, especially as it pertains to India and South Asia more generally.^[1] He summarized the report's background, analysis, and conclusions, and also spoke about the work now underway for the next 2025 report. He highlighted four major themes that will shape the global future, as well as four scenarios envisioning ways those themes could shape up:

- Globalization;
- The rise of new global actors, primarily China and India;
- New challenges of governance, fueled by globalization and growing domestic demands for resources and the other benefits of globalization; and
- A more pervasive international insecurity—resulting from the conflicting issues of an integrated market and increased terrorism.
- Scenarios: Davos World, Pax Americana, A New Caliphate, Cycle of Fear.

For the 2008 report, initial themes for what will shape global futures in 2025 are Iraq and its role in regional and global security; concerns over global climate change; and secure access to energy by large and emerging economic powers.

An Indian academic presenter observed that future NIC reports will be more radical because most of us, including most bureaucrats, are not yet mentally ready for mapping the global future as we are so wedded to our past that it is difficult to accept change and take advantage of historical opportunities. Changes in the distribution of power are the principal drivers of international relations, and only once we accept the notion that there is change the policies will change. That is what has changed U.S. actions, the perception that India's power is increasing.

He based his arguments on the proposition that change in the distribution of power is the principal driver of international politics, and therefore the new warmth in Indo-U.S. relations rests on the unfolding structural change in the current great power hierarchy. In this context, he noted that the rise of India and China is inevitable, but that the change was not about adding two new powers to the existing order. Rather, over the next 25 years the existing organizations, such as the G-8, will look totally different. He noted that India is prepared to wait its turn to become one of the world's great powers, but stressed that what India does in the next 20 years will be defined by Indian capitalists, not the current crop of bureaucrats and politicians.

The presenter stated that asking how to balance China is the wrong question to ask in both countries for political reasons, but it is a question that needs answering, since China's notions about Asia are not acceptable to India. Balancing against China is part of India's strategic culture, and India will do it with or without the United States, but would prefer to cooperate. He felt that there was an urgent need to intellectually conceptualize India's interest in the structural change that is happening in world politics and conditions of the countries in South Asia.

Strategic Culture

The ensuing discussion began with several questions from Indian audience members as to whether strategic culture and discourse are more important than a country's interests. It was observed that real policy is interest-oriented rather than culture-fixated. The panel stated that strategic culture is an evolutionary process, and both Indian and U.S. strategic cultures needed to change to accommodate the structural changes. One panel member stated that India would not let strategic culture triumph over strategic interest, and that India knows how to think as realists as well.

Alternative Futures

Several Indian audience members asked specific questions about the *Mapping the Global Future* report, especially about the four possible futures it outlines. Questions included: which future the NIC viewed as most likely, what role global warming would play, discussion of whether terrorism flows from globalization, and the specific possibility of the emergence of a new caliphate. A panelist responded that it was simply a report outlining global trends and the ways those trends might manifest themselves, not a prediction of the future, and returned the discussion to the U.S.-India relationship, not the global issues addressed in the report.

Trends in U.S.-India Relationship

One Indian audience member observed the paradox of viewing 1998 as the low point in the relationship between the United States and India, since it ultimately caused the United States to recognize India's growing power, leading to improved relations after 2000 and the 2005 pinnacle of U.S.-India relations. A U.S. presenter noted that both countries have bipartisan support for the improving relationship, since administrations have changed in both the United States and India since 1998 but the relationship has become even stronger. Despite this, the nuclear deal is more popular in the United States than in India, because in the United States almost everyone is pro-India and the opposition comes from the nonproliferation lobby, whereas some political factions in India still do not want to align themselves with the United States. An American noted that structural changes will bring the United States and India closer, and remarked that India's dominant strategic culture of the last 40-50 years, non-alignment, meant not alienating any of the big powers, but with India becoming a big power itself it has to start making the tough choices about which countries to alienate.



Dr. K. Subrahmanyam makes a point

4. Luncheon Address

A senior Indian bureaucrat delivered a lunchtime address for the conference attendees, during which he argued that the most important issue about Indo-U.S. relations is not their present standing, but the potential for the two countries to take the strategic relationship further. He argued that the Indo-U.S. defense relations started in earnest in 2005 with the Framework Agreement and stated that the two countries are very close in terms of trade and contact with other areas. In his view the Non-Alignment Movement was important to India because it allowed India to maintain a distance from both the power blocs. He recalled that times were different during the Cold War, since whenever India approached United States to obtain certain military equipment, it was frequently denied. He asserted that defense dialogue needs to go beyond clarification regarding agreements of purchases, and therefore requires a continuous exchange of information to facilitate further cooperation. The speaker expressed his satisfaction on the way the United States is engaging with Iran and other regional issues are particularly the successful case of Nepal. He also noted that separate discussions have led to progress on other issues, including energy security, sea trade, and maritime activities.

5. Session II: Growing Indo-U.S. Commercial Linkages

An Indian businessman chaired the second session, which focused on the trade and commercial ties between India and the United States and the increasing bilateral economic and political relations between the two democracies.

The first Indian panelist highlighted the importance of commercial ties in Indo-U.S. relations and asserted that India-U.S. commercial ties should be premised on the economic goals of each country and not on political and strategic concerns. He stated that India, like the United States, has a surplus of services trade and a deficit of goods trade, and noted that the growing link between the information technology (IT) business has very little to do with either government, other than the removal of the foreign exchange constraint in 1993. Furthermore, he argued that

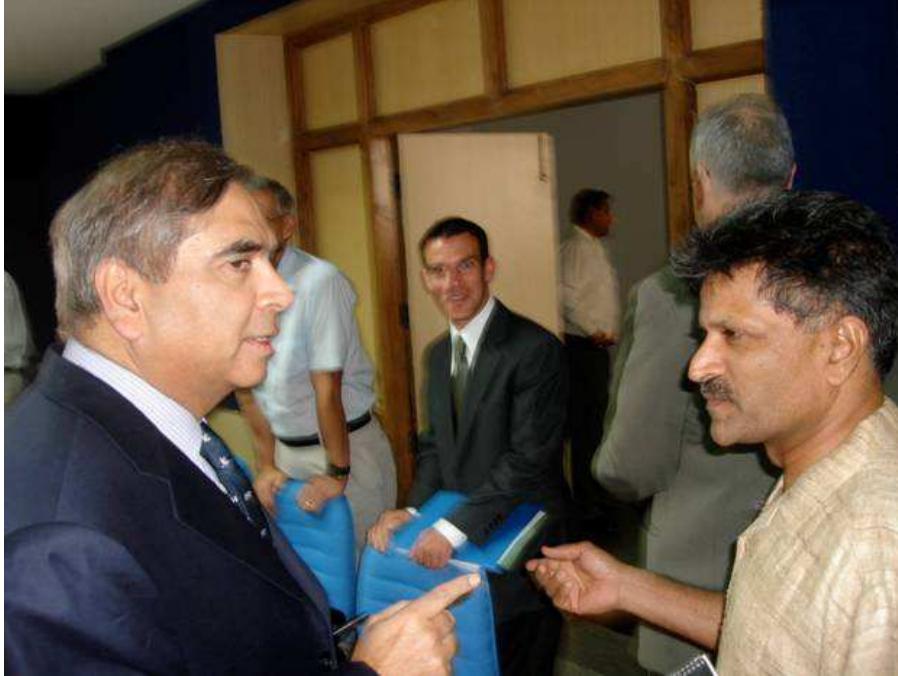
whether the U.S.-India civilian nuclear deal succeeds or not, economic ties between the two countries would continue to grow.

The second panelist, a U.S. bureaucrat, highlighted the growing influence of Indian Americans in U.S. industry, which has been one of the main factors in the bilateral commercial ties. He also mentioned that this factor has played a positive role in choosing India as an investment destination by many American industries. While the United States continues to have the most Foreign Direct Investment (FDI) in India, the Indian diaspora in American industrial circles has made significant progress over the past many years. He described Indo-U.S. commercial ties as people-driven, not politics-driven or directed by a governmental plan.

The third presenter was a U.S. businessman, who pointed out that India has a comparative advantage over the outside world in many industrial and business sectors. Although defense trade is only a small portion of the overall Indo-U.S. trade, valued at around \$400 million a year, that number has risen more than ten-fold in just a few years. He explained some of the expectations about the relationship from the U.S. industry standpoint, describing the industry's excitement at the strength of Indian aerospace engineering and culture adapted to serving overseas customers. In viewing India as a consumer, industry is also excited about military-military relations that help whet India's appetite for U.S. technology. The industry was encouraged by Condoleezza Rice's announcement that U.S. fighter technology would be sold to India, and is hoping other types of aircraft can be included as well, since India has a \$9 billion budget for new equipment, making it the third largest in Asia and the twelfth largest in the world.

Some of the challenges the presenter identified were India's lack of familiarity with U.S. products, a legacy of mistrust, especially on the supply issues, the need to mesh the procurement systems and policies of each nation, and the difficulties in the on-the-ground-realities catching up with the promise and vision of the relationship. He stressed the need for U.S. companies to have a ground presence and get away from their "suitcase mentality."

The ensuing discussion focused on the blockages in bilateral commercial relations. The panelists as well as the participants agreed that lack of sufficient infrastructure facilities in India was a major impediment in promoting FDI from overseas countries. However, India being one of the preferred business destinations in today's world, its trade and commercial ties with other countries especially with the United States would undeniably witness steady progress in the years ahead. One panelist mentioned that India is growing because of domestic consumption whereas China is growing because of imports, and that India represents the greatest potential return on investment, since its young population means that paying for social security won't be as big a problem.



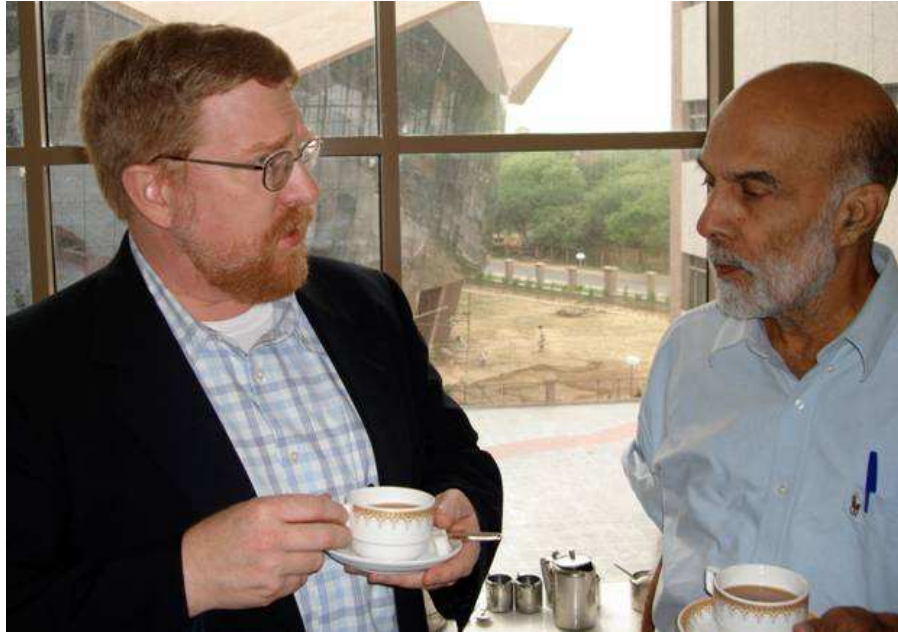
Mr. Anil Shrihkande and Ambassador Virendra Gupta

6. Session III: Nuclear World Order and WMD Non-Proliferation

A senior Indian academic and bureaucrat chaired this session.

An Indian military expert started by gave an historical overview of the nonproliferation regime and India's changed strategy toward it. He noted that during the last two years, ever since India's attention shifted to the U.S.-India civilian nuclear deal, the discourse in New Delhi on the nonproliferation treaty (NPT) and its iniquitous nature has been muted. During that time the fear of non-state actors breaching the firewalls of nuclear technology have not materialized, but there have been three spectacular attempts at state breakout, of which one has been totally contained (Libya), one has been at least temporarily bought off (North Korea), while the third (Iran) threatens to spiral out of control, both regionally and internationally. The international response has been to enhance nonproliferation and to combat weapons of mass destruction (WMD) via a cohesive strategy through United Nations resolutions 1189, 1368, 1373, and 1540. In India, the shift in diplomatic strategy necessitated by the opportunity to sit at the high table, because of the nuclear deal, and participate in nonproliferation, as well as become a member of the nonproliferation system, appears stalled owing to apparent timidity or the persistence of yesterday's thinking. Unless the nuclear deal is cleared, India is not going to pass the dual-use exports deal.

He also noted that India is one of only two powers that faces the challenge of trying to deter two different nuclear powers (Pakistan and China), and that Pakistan may have an edge over India regarding minimum credible deterrence. He questioned whether India's current arsenal is enough to provide a current credible deterrent, due in large part to its lack of fissile nuclear material. Nevertheless, he argued that India should try to obtain stability with Pakistan so that it could deal with China. Additionally, two pressing concerns for India are missile defense and expanding space capabilities.



Dr. Timothy Hoyt and Admiral (retd.) Raja Menon

An American nuclear expert made what he described as a personal assessment of the U.S.-India civilian nuclear deal and the benefits that it brought both countries. Among the points he made were that cooperation between the two countries will make the world safer by preventing cascades of proliferation in Northeast Asia and the Middle East, preventing access to WMD by non-state actors, strengthening global nonproliferation institutions. Potential U.S.-India cooperation could take many forms from concerted joint initiatives to parallel unilateral actions to ensure that terrorists are not able to access WMD or related technologies. He encouraged the two countries to begin an official dialogue on routine nuclear issues every six months to enhance understanding of how the other side thinks about these issues and build “habits of cooperation” to secure a global peaceful nuclear order. Regarding the Iranian nuclear program, he stated that the two countries share a common interest in trying to influence Iran’s nuclear choices. Although the Iranian leadership wants to develop a *capability* to make nuclear weapons, the majority of the leadership is still hesitant to actually make nuclear weapons. Some sort of deal will be made between Iran and the international community, and India will have a role on the Security Council and within the IAEA to make sure Iran complies. India and the United States should start by enacting the nuclear deal, and then take further steps by having India join the Proliferation Security Initiative (PSI), sharing proliferation threat assessments, and cooperating on supplier issues.

The panel chair summed up the panel and noted that although U.S. efforts at technology denial were primarily aimed at China and the erstwhile Soviet Union, they ended up creating a technology denial regime for India; and India had to find a way out of this technology apartheid. He felt that the Indian media deliberately distorted the facts of the civilian nuclear deal. He agreed with the U.S. presenter that the two sides needed to build habits of cooperation: if there is a trust deficit even discussing a partnership will be impossible. He identified a few concerns for India, including the U.S. proposed warhead replacement program, which would make it difficult for the rest of the world to take Washington seriously and cooperate on nonproliferation.

The discussion centered on the themes of security culture and building habits of cooperation, with one Indian audience member reminding the panelists that just because Indians speak English does not mean they think in English. He continued that India is a cultural state, not a security

state, and the idea of a nation-state was imposed by Western powers more recently. Several audience members had critiques of various aspects of the civilian nuclear deal. An American attendee noted that track-one (official) dialogues are useful, but the discussion at this conference illustrated why they can be so difficult, since everyone agrees that new nuclear weapons states are bad, but disagrees about what precise course of action to take to stem the tide of WMD proliferation.

7. Session IV: Developments in the Middle East and Central Asia

An Indian diplomat chaired this session.

An Indian academic presenter noted that the Middle East had emerged as the area that could test India and the United States on their ability to cooperate on international issues. India is at odds with the United States on a number of issues related to the region, primarily because economic interests, geographic proximity, growing energy needs, as well as strong domestic political compulsions determined New Delhi's Middle East policy. He made a comparison between the Jews in the United States and Muslims in India, with each having a major influence on their country's Middle East policy. Though developing stronger ties with the United States makes political and economic sense, India has been unable to come up with a strategy to minimize the areas of friction since the absence of an informed domestic debate prevented India from evolving a clearer policy toward the region. While Washington and New Delhi share common concerns about the Middle East, India has serious differences with the United States on the region for a variety of factors, including the Pakistan factor, historical baggage, geographical reasons, and demographic factors stemming from the large presence of the Indian diaspora.

The presenter pointed out that India needs energy from the Middle East to meet its domestic energy needs. Iran also needs to find markets for its abundant energy resources. The two countries have to learn to communicate their differences with one another in a candid manner. According to Indian Prime Minister Manmohan Singh, "India can't allow another nuclear state in the neighborhood." This problem was solved by re-writing India's reports to list Iran as a non-neighboring country! India's challenge is two-fold: convincing the United States of its Middle East compulsions and explaining to the Middle East how its close ties with the United States formed part of its global strategy. At present, its record on both fronts is unsatisfactory. Unless this is remedied quickly, doubts can be cast over whether India is a "reliable" friend of the United States.

An American diplomat and academic observed that both the United States and India have important interests in Central Asia because of its strategic location and its oil, gas and hydroelectric potential. For the United States, access to Afghanistan via Central Asia became crucial following 9/11, although the United States continues to want access to the region's energy and to seek the economic and political reform necessary to insure long-term regional stability. It favors multiple routes, including west through Azerbaijan, Georgia, and Turkey, south through Iran or Pakistan, or east through Pakistan to India, for energy and other exports from Central Asia as necessary to get those resources to world markets and to insure the real independence of the countries of the region. He pointed out that India considers Central Asia as its extended neighborhood and attaches high importance for its geopolitical and geo-economic interests. More specifically, Central Asia's location next to Afghanistan makes it important in the India-Pakistan context, and India needs Central Asian energy resources.

The shared U.S. and Indian interest in moving Central Asian energy out to South Asia, rather just to Russia, may be easier to achieve with hydroelectricity than oil and gas. In the case of oil and gas, India has to compete not only with Russia, but also the desires of the European Union and China. Also, routes for hydroelectric power, from Tajikistan, may be easier. In both cases, however, India faces the problem of transit through Pakistan. This problem also affects overland Indian trade with Central Asia, but not necessarily other Indian activities there helpful in opening

the region to additional external influences. The presenter pointed out that Central Asia is essential to global interests such as weapons proliferation, narcotic trafficking, and combating terrorism, which came to the forefront after the 9/11 terrorist strikes. He noted the need to stay informed about Russia's role in the region and noted that most media reports about India's air base in Tajikistan have come from Russian newspapers or sources, suggesting that perhaps the base is less substantial than it has been reported.

Questions during the discussion covered India's view of the Sunni-Shia divide, whether the U.S. and Indian interests are converging regarding the Gulf countries, what China's role in Central Asia is, and what will happen once the United States leaves Iraq.

The panelists stated that India supports most U.S. goals in the Middle East, but not necessarily the specific policies. If Saudi Arabia has a crisis, the debate would be whether it would follow the Syrian model and have the civil conflict obstruct the flow of oil, or the Algerian model where the oil flow was not affected by a 20-year conflict. As long as Iran was regionally isolated, India did not deal with it, but once it made relative peace (or at least understanding) with its neighbors, India has been more willing to do business. The United States probably could have achieved a tougher Iran resolution in the Security Council, but it would have passed by a vote of 13-2 or 13-0, and the United States wanted 15-0 to demonstrate to Iran that it is isolated. Although Europeans and Saudis can say whatever they want on Iran, only the United States is in a position to act. The dialogue needs to be across the wider community in order to isolate Iran.



Col. (ret.) Jack Gill, Dr. Peter Lavoy, and Dr. K. Subrahmanyam

8. Session V: Developments in South Asia

An Indian journalist chaired this session.

An Indian academic spoke on the internal developments in Pakistan and Afghanistan briefly touching the bilateral relationships between Pakistan and Afghanistan and between India and Pakistan. He threw light on the positive and negative developments in the region specially focusing on the composite dialogue between the two countries, which has witnessed success in recent months. However he pointed out that Siachin and Kashmir still remain the bone of contention. On the proposed four-point agreement, he opined that though it is very close to an agreed solution, its weakness is that it is India centric. In this context, he explained the proposals

surrounding governance between India and Pakistan over Kashmir and the issue of dual sovereignty over Kashmir.

He pointed out some negative developments in Pakistan including militant activities by radical organizations making use of the political turmoil currently centered on the ousting of the chief justice. Another troubling concern is the resurgence of Islamic radicals, who are advocating the Talibanization of the country.

The main problem in Afghanistan is that Pakistan has not accepted President Karzai, who also does not have a popular base, especially within the Pashtun community. Also the Afghan army has not been trained as yet with capabilities to counter the Taliban, which could return in force as early as 2009.

An Indian diplomat and academic underlined the special people-to-people contacts in the region, saying South Asians get along very well outside South Asia, a fact that is often overshadowed by the political rivalries among the various countries. Sustained high rates of economic growth in most countries in South Asia in the last few years have unleashed an altogether new, positive dynamic. This coupled with the globalization trends has led to greater all-around willingness to downplay divisive politics, which so far has kept the region bogged down. Consequently, there is a better appreciation of the ascendancy of economic factors. Globalization and interstate business transactions, which are complemented by the geographical advantage in the region and the role of stakeholders, the domestic corporations, multi-national corporations (MNCs) and the intellectuals all have helped to build bridges across South Asia. The entry of China, the United States, European Union, Japan, and Korea as observers in South Asian Association for Regional Cooperation (SAARC) also portends well for the region, since it signifies a new found confidence among the countries of the region to engage with outsiders for the growth and development in the region.

He pointed out that India has actively engaged with people outside the country, which is a positive sign, and the issue of asymmetry can be solved by India taking the lead in the SAARC and providing unilateral trade concessions. Ultimately, it is regional cooperation and better connectivity that will credibly guarantee peace and security in the region.

A U.S. bureaucrat presented a sweeping overview of the many problems affecting the countries in the region. Pakistan is plagued by the Taliban resurgence, which has serious implications. Aggressive military action in tribal areas of Pakistan has proven to be costly, and the elections scheduled for late 2007 are providing an opportunity for Taliban propaganda.

In Nepal, recent developments pose a challenge to India and therefore should be dealt with. The Maoist entry into the government will generate more political activity in Nepal, and there is always a potential threat by the Maoists to revert to their militant ways. The response of the international community therefore becomes critically important.

The interim government in Bangladesh is sidelining important leaders. Public participation should have an electoral basis and elections should go beyond personality conflicts, as prospects for religious extremism in Bangladesh are great. These challenges will be best addressed if leaders have electoral incentives to respond to.

In Sri Lanka, the Tigers have been seriously damaged. The decreasing aid due to the failure of the ceasefire is another problem area since critical basic needs of the people are not being taken care of. This has complicated the processes associated with democratic regimes like Sri Lanka, which have failed to deliver adequate services.

In this context, power and geo-strategic capacity of South Asia is important and India's global status gives it the capability to respond in a new way. The American presenter also pointed out that India's support for the global war on terrorism is important; however, the focus of India should be on bilateral issues, engaging actively with its neighbors.

In the ensuing discussion one audience member asked for specific policy prescriptions for either the United States or India (or the two together) to stabilize Pakistan, Nepal, and Bangladesh. The American presenter responded that security is imperative in Pakistan, against both international and external threats. He argued that the solution to many problems, including the Maoists in Nepal, is finding a way to include them in the political process. Asymmetric solutions, such as unilateral trade concessions, can help; but Pakistan is not currently covered by any of those. He concluded by saying that any solution cannot be made by just the United States and India; other countries have to be included.

9. Luncheon Address

A senior Indian military official delivered a luncheon address to the conference, during which he argued that last two-to-three years have particularly been eventful for Indo-U.S. relations. However, he cautioned that Indo-U.S. relations are likely to remain fluid, as history is a witness to the fact that Indo-U.S. relations have always been unpredictable. He asserted that Indo-U.S. relations can be better described as an "Evolving Entente" and argued that given its size, location and ambitions, India will always march "to the beat of its own drummer". He pointed out that India's ability to generate hard power, and the will and ability to make use of the same, is not India's strong point. He stated that defense in India is quite rightly a low priority area, as it is constrained by the country's socio-development demands. Defense issues in India gain importance only during times of crisis, and in such situations Indian leadership has always adopted restrained and consensual approach. He stated that when dealing with a potential conflict situation, the Indian political and civil leadership tends to follow a restrained, consensual approach—at domestic as well as international levels. He stated that India's primary effort is invariably to shape the security environment through cooperative peace rather than plan on the basis of inevitable armed conflict. As foreign policy is the primary instrument of strategy, the Indian military is often left out from the decision-making loop. This situation, however, seems to be improving.

He argued that in order to take the strategic relationship further, Indo-U.S. relations require a lot of confidence building measures. Though in some areas Indian and U.S. strategic interests do not overlap, such as Iran and Iraq, he argued that as far as defense cooperation is concerned India-U.S. military relations seem to be positive. The Indian military needs training in hi-tech equipment, while the U.S. military can gain experience in operations in varied kinds of terrains, sub-conventional warfare, operations in ethnic conflict, among others. Also he pointed out there is scope for cooperation in rescue operations and ballistic missile defense. He suggested that an exchange of instructors from the two militaries would go a long way in fostering relations and enhancing the knowledge about each other. He emphasized greater interaction between the MOD and the Pentagon, and stated that reforms in the Indian defense industry clearly reflect that India is looking to build its capacity. He argued that the present time is a great opportunity for the U.S. to establish strong and long-term foothold in the Indian defense industry. He pointed out that in defense cooperation, dual-use technology will be the litmus test for bilateral cooperation. Both countries should remove the restrictions on high technology cooperation, and that the passage of the Indo-U.S. nuclear deal will be a big step in confidence building from the Indian point of view. However, he also pointed out that one aspect that remains a sore point in Indo-U.S. relations is that the products of Indo-U.S. cooperative research and development conducted on Indian soil are currently denied to India. He concluded by stating that the most important issue in defense cooperation is that it is not a zero-sum game. India and the United States have a broader strategic understanding, but need to work constructively towards achieving those goals.

10. Session VI: Indo-U.S. Defense Cooperation

An Indian academic chaired this session.

Giving a brief history of India-U.S. interaction in the defense/high-technology fields, An Indian academic mentioned the 1982 science and technology initiative by President Reagan and Prime Minister Indira Gandhi, the Indo-U.S. MoU on High Technology Cooperation of 1984, and the 1986 agreement on LCA Aeronautics. He urged the participants from the United States to have a closer look at the Kelkar Committee report on restructuring the Indian defense industry. According to him, fertile areas for future cooperation include systems engineering and outsourcing.

A retired Indian military officer stressed that for Indo-U.S. relations to flourish, the current political momentum behind the relationship has to be maintained, and that defense cooperation necessarily has to come second. As these issues have to deal with sustained patience and optimism, it also is essential that the cooperation be mutually beneficial. Noting that military exercises are a mere feather in the cap as far as defense cooperation is concerned, he stressed that the important issue is the scope of the exercises. He also mentioned that India is seeking American expertise in certain technologies that are essential to its armed forces, including aircraft and missiles. According to him, formal and informal mechanisms should be encouraged in the areas of intelligence sharing and counter-terrorism, among other areas. He also called for greater coordination between the Indian Ministry of Defense and the Pentagon to undertake mutually beneficial cooperative endeavors.



Air Marshal (retd.) Vinod Patney, Mr. N. S. Sisodia, Mr. Donald Camp, and Col. (ret.) Jack Gill

An American bureaucrat stated that no individual navy is equipped to handle the entire range of modern maritime threats, and brought to the attention of the audience the Maritime Basic Framework in the Joint Statement issued during the visit of President George Bush to India during March 2006, which recognized each other's commitment to "...ensure security in the maritime domain, joint patrolling, and other transnational issues at sea..." This concept envisaged a global network of allied ships, referred to as the 1,000 ship navy, complimenting each others' strengths in tackling the most pressing maritime problems.

The American presenter pointed out that India has a huge stake in maritime security and acknowledged that it will be difficult for India to take a junior role in any partnership. He noted successful past joint operations in escorting ships through the Straits of Malacca, tsunami relief, evacuation of civilians during the civil war in Lebanon, and the U.S. hospital ship *Mercy*, which

invited Indian navy medical personnel to join the ship for a tour. His suggested Indian actions to increase future collaboration included decisions by India to make major purchases in order to demonstrate trust in the reliability of supply, start a reliable port initiative, container security initiative, and consider participation in the Proliferation Security Initiative (PSI). In turn U.S. actions could include greater engagement in regional issues, continued military-to-military dialogue, ensuring that military licensing is as transparent as possible, finding ways to demonstrate that the United States is a reliable arms supplier, and generally building up linguistic and cultural understanding of South Asia.

The second U.S. presenter observed that the fact that India and the United States have many important similarities bodes well for their relationship. He favored moving forward with operational-level military exercises. While he noted that many opportunities for military cooperation exist in the multilateral arena, he felt it was too early to undertake those without building a proper road map delineating each side's interests and opportunities. At the bilateral level he noted that promising areas of cooperation include disaster management and security-related exercises. This is especially true given the Indian military's vast experience in civil operations, operations in varied terrains, and in sub-conventional warfare, which is of great relevance for the United States. He suggested that the armed forces of India and the United States could undertake practical exercises in anti-narcotics and in countering piracy.

In the ensuing discussion, one Indian audience member pointed out that India has agreed to the 1,000-ship navy concept in principle. However, the contour of the new concept is not very clear, as it still appears to be amorphous. India no longer is looking at a buyer-seller relationship in the defense field; it wants to encourage foreign direct investment in order to start building its own military equipment. For the U.S.-India relationship to grow, both sides should look at joint development initiatives relating to weapons systems. In the long run, India also needs to acquire not just big-ticket items but critical technology. India has purchased very little equipment from the United States over the last 40 years, partially because questions still remain over the reliability of supply. The bureaucratic impediments in India are still very large, including huge time gaps between the decision to acquire certain equipment and the actual acquisition.

11. Closing Session

The Indian host closed the conference by saying that the presence of prominent personalities such as Shri K. Subrahmanayam, Shri M. K. Rasgotra, Shri Shekhar Dutt and Shri Shivshankar Menon added to the authenticity of deliberations. The conference accomplished the objective of highlighting the importance of the Indo-U.S. relationship.

A U.S. speaker delivered closing remarks, saying that the two-day exercise identified some of the future challenges and opportunities for long-term cooperation. The plan of action now is to get the Indian and American participants to communicate with government decision-makers on how to take the relationship forward. In any bilateral cooperation, symmetry of interests, responsibilities, and expectations is the most important ingredient. The track-two process should be used to influence policymaking by frankly exchanging ideas and voicing concerns in a collegial manner.

A senior Indian official delivered a valedictory address to close the conference, saying that the Indo-U.S. relationship is poised as a partnership with tremendous strategic significance. Today the United States is India's largest trading and high technology partner. There are nearly two million people of Indian origin residing in the United States. Politically, the countries share an increasing level of convergence, with a common background in democratic governance, values, and plural societies. The challenge therefore lies in taking the relationship forward.

The United States can provide critical inputs to India's developmental process. With the end of the Cold War and the transformation of the world order, a new cluster of global threats, including

those posed by non-state actors and weapons of mass destruction, require global responses and transformation, resulting in something other than a simple zero-sum equation between major powers.

The 18 July 2005 agreement set forth an open-ended structure and mechanism for bilateral cooperation, which was enhanced by the 2 March 2006 Vision Statement signed during President George W. Bush's visit to India. However, despite these common interests, there are prominent differences in approach, for instance on the Iran issue. But on the whole these should not affect the broader thrust of the bilateral relationship.

The future of this strategic partnership appears bright and set on a progressive trajectory. The identifiable areas of cooperation include civil nuclear energy, space technology, and similar responses to global political developments. Other areas, which will see greater synergy in the future, include science and technology, education, agriculture, particularly the need for a second green revolution, environmental concerns, pandemics, and the health sector.

During the question and discussion period, the Indian official stated that the democratic decision-making processes in both countries have made arriving at a negotiated agreement a long and drawn-out process. He mentioned the need to imbibe greater transparency to bilateral dealings at the governmental level by informing public opinion. He stated that research efforts can be made more relevant to policymakers in the United States and India by highlighting areas that are untouched or outside current scope of bilateral cooperation. He stated that both governments need to foster greater transparency in their bilateral negotiations, starting with the civilian nuclear deal, by informing public opinion and building momentum from the public at large. To that end, he encouraged the findings of this conference to be promulgated as widely as possible.

In conclusion, he stated that how the Indo-U.S. partnership will evolve will be a key factor in influencing global norms. India in the 21st century has leverage to help shape global norms as well. Global institutional structures such as, the Bretton Woods economic arrangements are outdated; there is need for cooperation in many emerging areas, including nonproliferation and climate change. The present system has failed to deliver substantively apart from ad hoc solutions in each case, leading to the formation of coalitions of the willing. Hence the current global institutional structures urgently need to be revamped, a task requiring future strengthening of the Indo-U.S. partnership.



Foreign Secretary Shivshankar Menon

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Notes

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